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IN THE

# Supreme Court of the United States

OCTOBER TERM 1979

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THE VALERON CORPORATION,
*Petitioner,*

vs.

GENERAL ELECTRIC COMPANY,
*Respondent.*

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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## TABLE OF CONTENTS


| | | Page |
|---|---|---|
| I. | OPINIONS BELOW | 1 |
| II. | JURISDICTION | 1 |
| III. | QUESTIONS PRESENTED | 2 |
| IV. | CANONS OF ETHICS INVOLVED | 2 |
| V. | STATEMENT OF THE CASE | 2 |
| | A. NATURE OF CASE AND PROCEEDINGS BELOW | 2 |
| | B. STATEMENT OF FACTS | 4 |
| VI. | REASONS FOR GRANTING THE WRIT | 7 |
| | A. THE ISSUES ARE OF WIDE RANGING IMPORTANCE IN THAT THEY AFFECT EVERY ATTORNEY-CLIENT RELATIONSHIP | 7 |
| | B. THE DECISION BELOW CONFLICTS WITH THE LAW OF THE FORUM | 8 |
| | C. THE DECISION BELOW CONFLICTS WITH THE DECISION OF ANOTHER CIRCUIT AS TO DISQUALIFICATION BASED UPON "APPEARANCE OF IMPROPRIETY" | 9 |
| | D. THE DECISION BELOW SHOULD BE REVIEWED BECAUSE OF DIFFERENCES IN PRINCIPLE WITH DECISIONS OF THE SUPREME COURT AND THE VARIOUS COURTS OF APPEALS | 9 |
| | E. THIS COURT IS ALREADY CONSIDERING LIMITATIONS ON THE CLAIM OF PRIVILEGE | 12 |
| CONCLUSION | | 12 |
| APPENDIX | Opinion of the United States District Court, Eastern District of Michigan | 1a |
| | Opinion of the U.S. Court of Appeals for the Sixth Circuit | 14a |

## TABLE OF AUTHORITIES


| | Page |
|---|---|
| **CASES:** | |
| *Auseon* v. *Reading Brass Co.*, 22 Mich. App. 505 (Ct. App. 1970) | 8 |
| *Board of Education* v. *Nyquist*, 590 F.2d 1241 (2d Cir. 1979) | 9 |
| *Doe*, Matter of, 551 F.2d 899 (2d Cir. 1977) | 12 |
| *Erie R. Co.* v. *Thompkins*, 304 U.S. 64 (1938) | 8 |
| *Esposito* v. *United States*, 436 F.2d 603 (9th Cir. 1970) | 11 |
| *Fisher* v. *United States*, 425 U.S. 391, 403 (1976) | 10 |
| *Garner* v. *Wolfinbarger*, 430 F.2d 1093 (5th Cir. 1970) | 12 |
| *General Electric* v. *Sciaky Bros.*, 304 F.2d 724 (6th Cir. 1962) | 3 |
| *Gillette* v. *Gillette*, 269 Mich. 364 (1934) | 8 |
| *Horowitz*, In re, 482 F.2d 72 (2d Cir. 1973) | 11 |
| *Kingsland* v. *Dorsey*, 338 U.S. 318 (1949) | 11 |
| *Laughner* v. *United States*, 373 F.2d 326 5th Cir. 1967) | 12 |
| *Mead Data Central, Inc.* v. *United States Dept. Air Force*, 566 F.2d 242 (D.C. Cir. 1977) | 11 |
| *Murphy* v. *Riggs*, 238 Mich. 151 (1927) | 8 |
| *Precision Inst. Mfg.* v. *Automotive Maint. Mach.*, 324 U.S. 806 (1945) | 11 |
| *Sawyer*, In re, 229 F.2d 805 (7th Cir. 1956) | 12 |
| *Smith* v. *Arc Mation, Inc.*, 402 Mich. 115 (1978) | 8 |
| *United States* v. *Friedman*, 445 F.2d 1076 (9th Cir. 1971) | 12 |
| *United States* v. *Gordon-Nikkar*, 518 F.2d 972 (5th Cir. 1975) | 11, 12 |
| *United States* v. *McCambridge*, 551 F.2d 865 (1st Cir. 1977) | 10 |
| *United States* v. *Tellier*, 255 F.2d 441 (2d Cir. 1958), *cert. denied* 358 U.S. 821 (1958) | 11 |
| *United States* v. *Trammel*, 583 F.2d 1166 (10th Cir. 1978) *cert. granted* (No. 78-5705) | 12 |





| | Page |
|---|---|
| *United States* v. *Woodall*, 438 F.2d 1317 (5th Cir. 1971), *cert. denied* 403 U.S. 933 (1971) | 10 |
| *Walker Process Equip.* v. *Food Mach. Chem.*, 382 U.S. 172 (1965) | 11 |
| *Wingilia* v. *Ashman*, 241 Mich. 534 (1928) | 8 |
| **STATUTES:** | |
| 28 U.S.C. 1254 (1) | 1 |
| **OTHER:** | |
| Canon 4, Canons of Ethics | 2 |
| Canon 9, Canons of Ethics | 2 |
| Michigan Formal Ethics Opinion No. 7 (May, 1959, Mich. State B.J., p. 36) | 8 |
| Michigan Informal Ethics Opinion No. C1250 (June 1, 1976, Mich. State B. Comm. Ethics) | 8 |
| McCormick, *Evidence*, Sections 87, 91, 93, 95, 97, 106 (2nd ed. 1972) | 10, 12 |
| Standard 503(a)(4), Federal Rules of Evidence (proposed) | 10, 11 |
| Standard 503(d)(1), (3), Federal Rules of Evidence (proposed) | 11 |
| Standard 511, Federal Rules of Evidence (proposed) | 10 |
| Wigmore, *Evidence*, Sections 2242, 2298, 2327-9, 2374, 2389-90 (McNaughton Rev. 1961) | 10, 12 |

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

---

The Valeron Corporation, Petitioner, respectfully prays that a Writ of Certiorari issue to review the Judgment of the United States Court of Appeals for the Sixth Circuit entered on October 30, 1979.

### I. OPINIONS BELOW

The opinion of the Court of Appeals for the Sixth Circuit is found in the Appendix to this Petition commencing at page 14a. It is reported at 203 USPQ 1053. The opinion of the District Court is set forth in the Appendix commencing at page 1a. It is officially reported at 428 F. Supp. 68 and also at 196 U.S.P.Q. 298.

### II. JURISDICTION

The Judgment of the United States Court of Appeals for the Sixth Circuit was entered on October 30, 1979. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

## III. QUESTIONS PRESENTED

Is it proper to automatically disqualify an attorney from representing an interest adverse to a former client under Canons of Ethics No. 4 relating to Preservation of Client Confidences where, in fact, there actually were no confidences because (1) the former client itself published all the relevant information both before and after disclosing it to the attorney, and (2) the information was disclosed to the attorney for the purpose of preparing public documents (i.e., patent applications which were later published) and (3) the patent law requires full disclosure of all pertinent information?

Is it proper disqualify an attorney from representing an interest adverse to a former client under Canons of Ethics No. 9 relating to Appearance of Impropriety where the former representation was on a related, but *different* matter and where (1) the former client hired the attorney knowing that the attorney was simultaneously representing competitors of the former client, (2) the former client assisted the attorney in the attorney's work for the competitors of the former client, (3) the law of the forum permits representation of an interest adverse to a former client, and (4) the information disclosed by the former client is not privileged from discovery?

## IV. CANONS OF ETHICS INVOLVED

### Canon 4

"A Lawyer Should Preserve the Confidences and Secrets of a Client."

### Canon 9

"A Lawyer Should Avoid Even the Appearance of Professional Impropriety."

## V. STATEMENT OF THE CASE

### A. Nature of Case and Proceedings Below

**Introduction:**

Relying upon Canon 4 (Preservation of Client Confidences)



and Canon 9 (Appearance of Impropriety), the lower Courts disqualified Valeron's trial counsel in a patent infringement suit brought by G.E. because nine years earlier, counsel had written the initial drafts of related but different patent applications for G.E.'s in-house patent attorney to revise and file. Such counsel did not write the patent application which became the patent-in-suit which relates to a screw fastener. Among the patent applications that counsel wrote, some used or could have used the patented screw fastener which earlier had been marketed and published by G.E. as its standard fastener. Finding a "substantial relationship" (i.e., the patented, commercially marketed standard screw was disclosed in at least one of the later patent applications prepared by counsel), the lower Courts held that Cantor must be automatically disqualified pursuant to a presumption of confidence. In following the presumption of confidence, the Courts disregarded the fact that there were no client confidences because G.E. itself had published the patented screw, and also disregarded the law which requires complete disclosure of all pertinent information in patents so that legally there could be no confidences.

**Background:**

In 1975, seven years after asserting patent infringement, General Electric Company (G.E.) filed suit against The Valeron Corporation (Valeron) in Detroit. Some months after suit began, Valeron changed counsel and retained patent attorney Bernard Cantor, a member of the Bar of the State of Michigan. Cantor advised the District Court and G.E. that Valeron would be filing a Motion for Dismissal based upon laches because of G.E.'s seven year delay in suing, under the authority of a similar case involving the same Plaintiff. *General Electric* v *Sciaky Brothers*, 304 F.2d 724 (6th Cir. 1962). Thereafter, G.E. moved to disqualify Cantor because, nine years earlier, Cantor "represented" G.E. by writing initial drafts of a number of patent applications although not the application of the patent of

this lawsuit. It thus appears to Valeron that the Motion to Disqualify was a diversionary tactic to side track the District Court from the dispositive and fatal issues of laches.

The District Court conducted an evidentiary hearing on the issues raised by the Motion to Disqualify Cantor. In so doing, the District Court expressly rejected the *principle* that there were no confidences to be preserved because G.E. itself published the relevant information both before and after any alleged disclosure to Cantor. That is, the patented screw fastener was commercially marketed, published, advertised and cataloged by G.E. long before G.E. told Cantor about the screw fastener. G.E. even admitted that all the information which it allegedly disclosed to Cantor was "discoverable," that it had no direct proof of any disclosure of confidences to Cantor, and that some information was given to him by G.E. to assist him in representing a G.E. competitor in a different patent suit.

The Court also disregarded the principle that the *issues* in this suit are not related to the work Cantor had done for G.E. Further, the lower Court disregarded the Michigan law that "Appearance of Impropriety" is not a basis for disqualification. In addition, the Court disregarded the fact that for the nine preceeding years, i.e., 1967-1976, Cantor had no contact whatsoever with G.E. Thus, the District Court disqualified Cantor and his law firm under Canon 4, Preservation of Confidences, and Canon 9, Appearance of Impropriety. The Court of Appeals affirmed.

**B. Statement of Facts**

The present proceedings, begun in 1976, are ancillary to a patent infringement lawsuit brought in 1975 by G.E. against Valeron for infringement of the Kelm United States Patent 3,341,920 which was filed Feburary 16, 1965 and which issued September 19, 1967. The Kelm patent relates to a locking screw fasterner. The Kelm patent application was filed before



G.E. hired Cantor. Cantor did no work whatsoever on the Kelm patent.

During the period of November 1965 through August 1967, Cantor, a patent attorney in private practice, wrote initial drafts of eleven patent applications which G.E.'s in-house attorney revised and filed. G.E.'s in-house patent attorneys handled all the proceedings in the United States Patent Office with respect to all these patent applications. In essence, Cantor acted as a scrivener in preparing drafts of patent applications for G.E.'s in-house attorneys. All of these patent applications were later published in the United States, or in foreign countries, or both. None were kept secret.

G.E. based its Motion to Disqualify on the theory that since the locking screw of the Kelm patent was utilized in some of the later physical devices for which Cantor wrote drafts of patent applications, there was a "substantial relationship" between the Kelm patent-in-suit and the applications which Cantor wrote. G.E. argued that such "substantial relationship" raised an *irrebuttable* presumption of confidences which precluded the Court from considering the proven fact that there actually were no confidences. (That is, all the relevant information was published in G.E.'s patents, as required by the patent law, as well as advertised by G.E. in connection with its sales.) The lower Court agreed with G.E. and refused to pierce the presumption of confidence. In so doing, the lower Courts ignored Valeron's proofs, as follows.

First, the lower Courts ignored the fact that G.E. *itself* did *not* keep its information confidential. G.E. *itself* published not only the Kelm patent disclosure, but also the Kelm locking screw device in its trade literature and at trade show demonstrations, long before (as well as after) G.E. told Cantor about the locking screw. Hence there were no relevant "confidences" to be preserved.

Second, the information which was disclosed to Cantor was given to him for the purpose of writing patent applications

which ultimately would become (and in fact did become) public documents. In other words, the information was disclosed to Cantor with the intent that the information be made public.

Third, during the time that Cantor was writing patent applications for G.E., he was simultaneously representing competitors of G.E. with the full knowledge and cooperation of G.E. In fact, in connection with one of those competitors, G.E. made its files available to Cantor to assist Cantor in his representation of the competitor.

During the evidentiary hearing, G.E. admitted it had no direct evidence of any confidences disclosed to Cantor. In addition, during the evidentiary hearing, G.E. admitted that any information which it disclosed to Cantor would be discoverable.

None-the-less, the District Court disqualified Cantor under Canons 4 and 9 of the Canons of Ethics. In so doing, the District Court expressly rejected the concept that a voluntary public disclosure by the former client was a waiver of the right to claim privilege based on "confidences." The District Court also refused to follow the law of the forum state, Michigan, which permits representation of an interest adverse to a former client. The District Court reasoned that there was a substantial relationship between the locking screw of the Kelm patent-in-suit and the locking screw of the later patent applications on which Cantor worked. In so doing, the Court rejected the evidence (including G.E.'s own Stipulation) that the subject matter of the Kelm patent and the Kelm locking screw had been published *by* G.E. both before and after Cantor was told about it.

The District Court further reasoned that even if Cantor did not obtain any confidential information, the appearance of impropriety justified disqualification. In so doing, the District Court again relied on the substantial relation between the Kelm locking screw patent and the locking screw of the later patent applications which Cantor wrote, without regard to



G.E.'s own activities in publishing such information prior to any disclosure to Cantor.

The Court of Appeals affirmed based on the substantial relation test, i.e., because the locking screw was common to the Kelm patent and to some of the later applications which Cantor wrote.

## VI. REASONS FOR GRANTING THE WRIT

### A. The Issues Are of Wide Ranging Importance in that They Affect Every Attorney-Client Relationship.

While every attorney is bound by the Canons of Ethics and the Code of Professional Responsibility, the obligations upon the attorney are not unlimited. Clients should expect their attorneys to maintain client confidences, but not if the client itself publishes the confidences. In essence, this case holds that the attorney-client confidences must be preserved by the attorney, forever, even though the client never preserved the confidences. Hence, the essential question is: is there an attorney-client confidence which binds the attorney when the client itself does not keep and does not even intend to keep the information confidential? Valeron submits that the attorney-client privilege should not be available as a tactical weapon to a former client who has not maintained the confidences itself.

Over the last ten years, there has been a substantial amount of litigation with respect to disqualification of counsel. Petitioner submits that it is appropriate for this Court to speak definitively on the issue of disqualification so that attorneys, clients, potential clients and the public will be able to comprehend not only the obligation of the attorney but the limitations of such obligation. To increase the public faith and trust in the American judicial system, it is of substantial importance not only to the parties to this matter, but to the public, to minimize potential attorney-client conflicts. A decision by this Court on the questions presented will provide guidance to all members of the Bar as to the types of matters which they can

handle and the possible consequence, i.e., the potential impropriety of the attorney handling certain matters in the future. Thus the questions presented in this Petition go far beyond the dispute between the parties and go to the heart of our judicial system.

**B. The Decision Below Conflicts with the Law of the Forum.**

Under *Erie R. Co.* v. *Thompkins*, 304 U.S. 64 (1938), the Federal Court in Detroit and the Court of Appeals for the Sixth Circuit were required to follow the law of the forum state, Michigan, in consideration of attorney disqualification. In *Smith* v. *Arc-Mation, Inc.*, 402 Mich. 115 (1978), the Michigan Supreme Court rejected the "appearance of impropriety" doctrine as a basis for disqualification.

Michigan law permits representation of an interest adverse to that of a former client. *Gillette* v. *Gillette*, 269 Mich. 364 (1934); *Murphy* v. *Riggs*, 238 Mich. 151 (1927). Michigan law would only disqualify counsel from representing a party if counsel had previously represented the other party on the *same* subject matter. *Wingilia* v. *Ashman*, 241 Mich. 534 (1928); *Auseon* v. *Reading Brass Co.*, 22 Mich. App. 505 (1970). The aforementioned Michigan law is further exemplified by Michigan Formal Ethics Opinion No. 7 (May 1959, Michigan State Bar Journal, page 36) and the Michigan Informal Ethics Opinion C1250 (June 1, 1976, Michigan State Bar Committee on Ethics).

The District Court decision did not consider the law of the forum. When the applicability of the law of the forum was raised on appeal, the Court of Appeals rejected such contention without any citation of authority as being "without merit."

The "Appearance of Impropriety" must be based on comparison to some standard. Since there is no federal legislation which creates a national "standard" and since, as demonstrated in the next section of this Petition, the decisions below conflict with the decisions of another circuit, it is submitted that the



Courts should be required to consider and follow the law of the forum.

**C. The Decision Below Conflicts with the Decision of Another Circuit as to Disqualification Based Upon "Appearance of Impropriety."**

Recently, the Second Circuit had occasion to consider the "Appearance of Impropriety" as a basis for disqualification. In *Board of Education* v. *Nyquist*, 590 F.2d 1241 (2nd Cir. 1979), the Court of Appeals reversed a Canon 9 disqualification stating:

> "We believe that when there is no claim that the trial will be tainted, appearance of impropriety is simply too slender a reed on which to rest a disqualification order except in the rarest cases." Id. at page 1247.

In the instant case, there is no claim that the trial would be tainted. To the contrary, G.E. admitted that all its information was discoverable and that there was no direct proof of disclosure of any confidences.

Petitioner submits that either the Courts below should be required to follow the law of the forum, or, alternatively that the conflict between the Circuits should be resolved, Since clients frequently have offices in different states, the clients are entitled to expect that the attorneys, upon whom they rely, will be required to follow either the law of the forum or a single, national standard. Similarly, since attorneys, and certainly attorneys who specialize in certain disciplines, provide legal services for clients located in different states, attorneys should have a basis to determine, in advance, whether their activities might be restricted based upon the law of each state or upon a single standard.

**D. The Decision Below Should Be Reviewed Because of Differences in Principle with Decisions of the Supreme Court and the Various Courts of Appeals.**

The underlying basis for the disqualification below was the alleged preservation of attorney-client confidences, i.e., G.E.'s

claim of attorney-client privilege. The purpose of the privilege is to encourage clients to make full disclosure to their attorneys. *Fisher* v. *United States*, 425 U.S. 391, 403 (1976). However, as recognized by this Court as well as the Courts of the other circuits, the attorney-client privilege is not unlimited. The privilege has certain metes and bounds which the Courts below refused to consider.

First, since the attorney-client privilege is intended to protect the client's *confidences*, what if there are no confidences to be preserved because of the client's own public disclosures? The Courts below refused to examine this issue. However, this Court provided, in Standard 511 of the proposed Federal Rules of Evidence, that a voluntary disclosure by the client is a waiver of the privilege. Here G.E. made such voluntary disclosures, by repeated acts, both before and after any alleged disclosure to Cantor. Never-the-less, the Courts below would not consider the issue of waiver.

The waiver of the claim of privilege, based upon the client's voluntary disclosure, is also recognized by the Courts of Appeals of the other circuits as well as by various Treatises. *United States* v. *McCambridge*, 551 F.2d 865 (1st Cir. 1977). See, *United States* v. *Woodall*, 438 F.2d 1317 (5th Cir. 1971), *cert. denied*, 403 U.S. 933 (1971); McCormick, *Evidence*, Sections 87, 93, 97, 106 (2nd Ed. 1972); 8 Wigmore, *Evidence*, Sections 2242, 2327-29, 2374, 2389-90 (McNaughton Rev. 1961).

Second, there is no "privilege" when the disclosure to the attorney is intended to be disclosed to third persons. As this Court recognized in Standard 503 (a)(4) of the proposed Federal Rules of Evidence, communications are confidential if *not* intended to be disclosed. Here, however, the disclosures to Cantor were intended to be disclosed and published and were, in fact, published by G.E. as patents. The decisions below ignore the principle that there were no confidences because G.E. intended Cantor to publish the information. Hence, the



decision conflicts not only with Standard 503(a)(4) but also with decisions of the other Courts of Appeals. *United States* v. *Tellier*, 255 F2d 441 (2nd Cir. 1958), *cert. denied*, 358 U.S. 821 (1958); *In re Horowitz*, 482 F.2d 72 (2nd Cir. 1973); *United States* v. *Gordon-Nikkar*, 518 F.2d 972 (5th Cir. 1975); *Esposito* v. *United States*, 436 F.2d 603 (9th Cir. 1970); *Mead Data Central, Inc.* v. *United States Department of Air Force*, 566 F.2d 242 (D.C. Cir. 1977).

In the present case, G.E. could not have intended the communications to be confidential. Both G.E. and Cantor were obligated to make full, public disclosure of all relevant information. The information was given to Cantor for the purpose of Cantor preparing patents. Under the law, the client, G.E., and the attorney, Cantor, each had an uncompromising duty of making a full disclosure to the United States Patent and Trademark Office. *Precision Instrument Mfg. Co.* v. *Automotive Maintenance Machine Co.*, 324 U.S. 806 (1945). G.E. and Cantor were both obligated to observe the highest degree of candor in dealing with the Patent Office. *Kingsland* v. *Dorsey*, 338 U.S. 318 (1949).

In view of the obligation of disclosure on G.E. and Cantor, disqualification on the basis of the attorney-client privilege, i.e., preserving confidences, is inapposite. The only justification for now claiming disqualification based upon the attorney-client privileges would be if full disclosure was not made by G.E. or Cantor. But if a full disclosure was not made, the attorney-client privilege cannot be claimed by G.E. under the "improper purpose" exception. That is, as this Court recognized, in dealings with the Patent Office, there can be either a knowing or a "technical" fraud. *Walker Process Equip., Inc.* v. *Food Machine & Chemical Corp.*, 382 U.S. 172 (1975). If there was a failure to make a full disclosure, by G.E. or Cantor, then there would be no protectible privilege. See, Standards 503(d)(1) and 503(d)(3), proposed Federal Rules of Evidence. The principle that communications regarding wrongdoings or breach of duty

are outside the attorney-client privilege is also recognized in the other circuits, as well as in the Treatises. *Matter of Doe*, 551 F.2d 899 (2nd Cir. 1977); *United States* v. *Gordon-Nikkar*, supra; *Laughner* v. *United States*, 373 F.2d 236 (5th Cir. 1967); *Garner* v. *Wolfinbarger*, 430 F.2d 1093 (5th Cir. 1970); *In re Sawyer's Petition*, 229 F.2d 805 (7th Cir. 1956); *United States* v. *Friedman*, 445 F. 2d 1076 (9th Cir. 1971); McCormick, *Evidence*, Sections 91, 95 (2nd Ed. 1972); 8 Wigmore, *Evidence*, Sections 2298, 2327 (McNaughton Rev. 1961).

Thus, if both G.E. and Cantor made a full disclosure, there are no confidences to protect. On the other hand, if either failed to make a full disclosure, the conduct is outside the scope of the privilege.

**E. This Court is Already Considering Limitations on the Claim of Privilege.**

During the present term, this Court granted Certiorari in *United States* v. *Trammel*, 583 F.2d 1166 (10th Cir. 1978), *cert. granted* (No. 78-5705). One of the issues presented in the instant Petition, namely, limitations on the right to a claim of privilege is generally similar to *Trammel*, where the underlying issue is limitations on a claim of marital privilege based upon conduct.

The attorney-client privilege is a shield, and not a sword. It should not be available as an offensive weapon for the purpose of disqualifying an attorney. Petitioner submits that the Courts below, contrary to the principles enunciated in decisions of this Court and the other Courts of Appeals, have allowed the claim of privilege to be misused.



## CONCLUSION

For the foregoing reasons, the Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

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—APPENDIX—



IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

| | |
|---|---|
| GENERAL ELECTRIC COMPANY | CIVIL ACTION |
| vs. | |
| VALERON CORPORATION, | NO. 5-71257 |
| Defendant. | |

## OPINION ON MOTION TO DISQUALIFY

General Electric sues Valeron claiming infringement of its United States Patent No. 3,341,920 and has now moved for an Order to disqualify Bernard J. Cantor and the firm of Cullen, Settle, Sloman & Cantor, P.C., as attorneys for Valeron Corporation, defendant herein.

General Electric Company is organized and exists under the laws of New York and Valeron Corporation is organized and exists under the laws of Michigan. The suit arises under the Patent Laws of the United States.

In its complaint General Electric charges that Valeron infringed G.E. Patent No. 3,341,920 (the Kelm Patent) by making, selling and actively inducing others to use cutting tools embodying the invention in that patent. Valeron denies infringement and seeks a declaration of invalidity because of specified prior art and prior invention. Valeron says that the Kelm Patent ('920) is invalid because of an alleged prior invention disclosed in U.S. Patent No. 3,310,859 which is now owned by Valeron.

In making these findings regarding the Kelm Patent or any other patent the Court notes that these findings are made for the purpose of ruling on plaintiff's motion only.

The Kelm Patent in suit is applicable in the cutting tool field. It applies specifically to a cutting insert retained in a pocket on a cutter tool body by a locking pin that fits in a hole in the

insert and is threaded into a hole in the cutter body. As the pin is tightened a conical portion on the pin engages an offset conical portion of the hole in the body. This causes the pin to move in a direction which locks the insert against a shoulder of the recess of pocket in the cutter body.

U.S. Patent No. 3, 310,859, herein known as the Diemond Patent, also is applicable in the cutting tool field. It applies specifically to a cutting insert retained in a recess on a cutter tool body by a locking pin having a head that fits in a hole in the insert and a shank which is threaded into a hole in the cutter body. As the pin is tightened a conical portion on the head of the pin engages an off-set conical portion of the hold in the body which causes the pin to move in a direction which blocks the insert against the shoulder of the recess or pocket in the cutter body. In these proceedings this has been referred to as the Valeron lock screw mechanism. The Kelm locking mechanism ('920) is used by plaintiff in its single-point cutting tools, boring bars and milling cutters. The Valeron lock-screw mechanism ('859) is used in its single-point cutting tools, boring bars and milling cutters.

Shortly after this case was commenced Bernard Cantor entered his appearance as trial counsel for Valeron. What gives rise to controversy is that Cantor was an attorney for plaintiff in 1965-1967. He prepared several draft patent applications for General Electric including subject matter which plaintiff claims is substantially related to the subject matter in this case.

When plaintiff filed its motion the Court determined that an evidentiary hearing was necessary in order to rule. The following facts appeared.

Cantor's contacts as an attorney for plaintiff in 1965 through 1967 were with the Carboloy Department of plaintiff. He dealt primarily with Harold J. Holt, in-house patent counsel for the Carboloy Department. In preparing some eleven patent applications for plaintiff Cantor met with Holt and received disclosures of inventions, including samples, drawings and written disclosures by the inventors; had conferences with them, reviewed drafts with them, obtained knowledge of plaintiff's cutting tools and exercised professional judgment by reviewing related applications, drafting claims to avoid interference problems, known prior art and division and restriction requirements.



It appeared that in the period 1965-1967 William Reich, Manager of Engineering at Carboloy, Elbert J. Weller, Manager of a Metal Working and Mining Products Engineering Section, and tool designers Walter Kelm, Tom Gowanlock, Tom Kordowski, Norman Campbell, Floyd Kirkham and Arnold Bower all worked together for plaintiff. They discussed, advised and cooperated with each other in connection with the projects of the cutting tool group and had access to each other's ideas, notebooks and disclosures. It was in this period that the Kelm locking mechanism was invented by Walter Kelm. Work was also done on an insert utilizing the Kelm locking mechanism by Weller and Kelm, an adjustable boring bar by Kelm, and a disposable insert milling cutter by Campbell and Weller.

Holt, with whom Cantor worked, prepared and prosecuted patent applications which matured into the Kelm Patent in suit as well as the Weller-Kelm '921 Patent and the Kelm '923 Patent. During this period it appeared that when plaintiff's Carboloy division prepared a patent application this was usually begun with an invention disclosure letter; then in turn engineering prints, drawings, invention questionnaires, supplemental disclosure letters, relevant prior art, novelty search results, interpretation of prior art, patentability opinions and comments on questions of infringement became a part of the application file. Other data also was included and of significance in this connection is the fact that Holt maintained invention records. The information in these patent application files was not publicly disseminated.

In connection with the patent applications on which Cantor worked, Holt and Cantor worked closely and Holt disclosed to Cantor all of the documents and information necessary to complete as final an application draft as could be done. To carry out his work as an attorney in connection with these eleven applications Cantor had numerous conferences at the Carboloy Plant with Holt and the inventors. Holt's files were available to Cantor. He received confidential disclosures and engineering drawings and he had access to plaintiff's patents, patent collections and prior art collections on fitting and pocketing inserts in tools. He likewise had access to plaintiff's pending applications. He rendered advice. He suggested strategy on how to obtain claim protection and he made recommendations on how to proceed with patent applications.

Among the patent applications on which he worked was the Campbell-Weller milling cutter application, the Kelm '401 boring bar and the Kirkham U.S. Patent No. 3,368,265. These were inventions in the cutting tool area. He also did work on mining drills and in areas other than this.

The Court notes that Cantor began his professional relationship with plaintiff after the Kelm '920 Patent had been filed. While Cantor did not prepare this application, plaintiff contends that Cantor had full opportunity to acquire information, confidences and secrets and form his own opinions regarding the Kelm '920 Patent while he was plaintiff's attorney.

It is significant that Cantor prepared the Kirkham '265 Patent for it relates to a machine for operating cam pin-locking mechanisms to automatically release, index and secure an insert in a cutting tool holder. The cam pin-locking mechanisms are claimed in plaintiff's Hill Patent which defendant says in its answer is prior art which invalidates the Kelm '920 Patent.

Cantor had access to Kirkham. He received a witnessed written invention disclosure signed by Kirkham and viewed the machine for cam pin-locking mechanisms on two occasions for a total of four hours.



Cantor also worked closely with Kelm in the preparation of the Kelm '401 Patent. He also met Kelm's associates and in connection with this work Cantor made notes, hand sketches and reviewed drawings. The Kelm adjustable boring bar contains the Kelm locking mechanisms insert. In studying the boring bar for the purpose of making a patent application Cantor had access to the locking mechanism of the Kelm '920 Patent.

Cantor also worked on the Campbell-Weller milling cutter invention, a milling cutting body having a plurality of pockets, each with an indexable insert and an underlying seat retained therein by the locking mechanism of the Kelm Patent in suit. Here, again, Cantor met with Holt and again he had access to Weller, Campbell, and the drawings and documents necessary to complete this application. Plaintiff's Exhibit 61 shows that Cantor's drawing for the Campbell-Weller milling cutter application is strikingly similar to Fig. 2 of the drawing in the patent application for the Kelm Patent in suit. This same exhibit shows that in the Cantor draft description it was stated that "such releasable locking means . . . are disclosed in . . . the patent application of Walter Kelm (Kelm '920 Patent in suit) . . ." Plaintiff's Exhibit 46 referred to the similarity between Fig 2 of the drawings in the Kelm Patent '920, and Fig. 5 which is Cantor's drawing in the Campbell-Weller milling cutter application. Figs. 5 and 6 in Plaintiff's Exhibit 13AA, which are rough drawings made by Cantor, show a protrusion of the pin which is shown only in the Kelm '920, Weller and Campbell '921 and Kelm '923 patents. Cantor, in testifying to this, said that he obviously copied it off something. Again, this indicates the access that he had to the drawings and concepts of the patent in suit. Cantor acknowledged that he would normally refer to a pending application when incorporating it by reference in the disclosure of the patent application on which he was working. He acknowledged that the Campbell-Weller application incorporates the entire disclosure of the then Kelm application for the '920 patent.

Thus, when one considers the inventor's disclosure letter, Plaintiff's Exhibit 13DD, and attached prints, Plaintiff's Exhibit 43A through H, which characterize utilization of the Kelm locking mechanism as a unique feature, Cantor's own application draft and drawings which describe and incorporate by reference the locking mechanism of the Kelm Patent in suit, and the rejection of the Campbell-Weller application by the Patent Office examiner it must be concluded, and the Court so finds, that there is a substantial relationship between the subject matter of Cantor's work on the Campbell-Weller application and the Kelm '920 Patent. The locking mechanism Cantor disclosed in his application is the locking mechanism of the Kelm '920 Patent. The inferences which flow from Cantor's activity in this regard are so strong that it would be unreasonable to conclude that Cantor did not have some knowledge of the Kelm '920 application.

While plaintiff introduced other evidence which it claims establishes the substantial relationship between the Diemond Patent and the patent in suit, particularly that of the patent office activity, the Court will make no findings in that regard since such questions may well go to merits of the suit itself. It is sufficient to say that the contentions of the parties in this regard, the answer filed by defendants and the matters that have sought to be and have been investigated in discovery to-date all tend to show a substantial relationship between the matters on which Cantor worked while he was an attorney for General Electric and the subject matter of this suit.

Based on these findings the Court concludes that Cantor, while a patent attorney for plaintiff, exercised professional judgment in the course of his representation of plaintiff; that the subject matter in his representation of plaintiff and his present representation of defendant is close and that he had access to confidential information and opportunity to examine this information, and that accordingly the opinions, views and



professional judgment which he now has might and in all likelihood were formed in good measure as the result of that prior relationship he had with plaintiff. Thus the Court concludes that even if Cantor did not obtain any confidential information, and even if one were to say that no part of his present professional opinions or judgments are based on his activity on behalf of plaintiff while he was their attorney, there is, nonetheless, the appearance of impropriety. That appearance of impropriety exists now because Cantor represents an interest adverse to that of General Electric on subject matters which are substantially related and identical.

In considering the matter of disqualification of an attorney, courts have used the substantial relationship test as a standard. In *Consolidated Theatres* vs. *Warner Brothers*, 216 F.2d 920 (2d Cir. 1954), it was held that to prove the existence of a professional obligation "the former client need show no more than that the matters embraced within the pending suit wherein his former attorney appears on behalf of his adversary were *substantially related* to the matters or cause of action wherein the attorney previously represented him, the former client."

In that case the Court of Appeals for the Second Circuit referred to a district court case, namely, *T. C. Theatre Corporation* vs. *Warner Brothers*, 113 F. Supp. 265, at 268, in which Federal Judge Weinfeld held that:

> "In cases of this sort the court must ask whether it can reasonably be said that in the course of the former representation the attorney might have acquired information *related* to the subject of his subsequent representation. If so, then the relationship between the two matters is sufficiently close to bring the later representation within the prohibition of Canon 6."

In an early case in this Circuit the U.S. Court of Appeals for the 6th Circuit said in *United States* vs. *Bishop*, 90 F.2d, 65, 66, (1937), quote:

> "It is well settled that an attorney who has acted for one party cannot render professional services in the *same* matters to the other party, and it makes no difference in this respect whether the relationship itself has terminated for the obligation of fidelity still continues."

In the case of *Canon* vs. *U.S. Acoustics Corporation*, 398 F. Supp. 209 (Northern District, Illinois, 1975), Judge Marshall dealt at length with this subject. That Court pointed out that the common law principles of disqualification are embodied in the Code of Professional Responsibility. He noted that Canon 4 states that "a Lawyer Should Preserve the Confidences and Secrets of a Client." Judge Marshall then undertook an analysis of the underlying ethical considerations. He found that for the relationship of attorney and client to be of maximum benefit to the client this required a total disclosure by the client to the attorney and it was a necessary corollary to this concept that the lawyer would then preserve any confidences and secrets transmitted to him. Only upon the lawyer's having obtained all possible information from his client could the lawyer make the necessary professional judgment as to what was relevant and important and what was irrelevant and unimportant and that consequently the lawyer receiving the confidences and secrets of his client could not use such information to the client's disadvantage. He pointed out that Canon 9 of the Code of Professional Responsibility provides that "a Lawyer Should Avoid Even the Appearance of Professional Impropriety." He noted that the United States Court of Appeals for the 7th Circuit held in the case of *Dr. Schloetter, et al,* vs. *Railoc of Indiana, Inc.*, Civil No. S74-117, decided December 1, 1976, at page 5, "Read together, the two canons indicate that an attorney may be required to withdraw from a case where there exists even an appearance of a conflict of interest." Judge Marshall then concluded that a former client need show no more than that the matters embraced within the pending suit, wherein his former



attorney appears on behalf of his adversary are substantially related to the matters of cause of action wherein the attorney previously represented him, the former client.

In similar vein Judge Weinfeld's Opinion in *T. C. Theatre Corporation* vs. *Warner Brothers*, supra, at page 268 is illuminating:

> "The Court will assume that during the course of the former representation confidences were disclosed to the attorney bearing on the subject matter of the representation. It will not inquire into their nature and extent. Only in this manner can the lawyer's duty of absolute fidelity be enforced and the spirit of the rule relating to privileged communications be maintained . . . In cases of this sort the Court must ask whether it can reasonably be said that in the course of the former representation the attorney might have acquired information relating to the subject matter of his subsequent representation. If so, then the relationship between the two matters is sufficiently close to bring the latter representation within the prohibition of Canon 6."

Or again, Judge Marshall: (*Cannon*, supra, page 223):

> "In essence the Court was saying it would order disqualification if the matters in the two engagements were substantially related. This is determined by asking whether it could reasonably be said that during the former representation the attorney might have acquired information related to the subject matter of the subsequent representation. Importantly, the Court did not require the movant to prove that confidences and secrets were reposed. That fact is assumed once a substantial relationship is established."

In *American Roller Company* vs. *Budinger*, 513 F. 2d 982, 986 (3rd Cir. 1975), the Court held that:

> "It is the possibility that confidences might be breached and not the fact of their disclosure *or use* that dictates disqualification once a substantial relationship between two representations has been established."

Defendant also argues that in any event all information obtained from General Electric by Cantor has been published or it is available from non-confidential sources. This was treated in *In Emle Industries, Inc.*, vs. *Patentex, Inc.*, 478 F. 2d 562, 572-573 (2nd Cir. 1973), and the Court held that this argument was of no avail. The Court stated:

> ". . . the client's privilege in confidential information disclosed to his attorney is not nullified by the fact that the circumstances to be disclosed are part of a public record, or that there are other available sources for such information, or by the fact that the lawyer received the same information from other sources."

From these cases the following principles emerge:

1. If there is a *substantial relationship* or a sufficiently close relationship between the matters on which the attorney worked in his prior retainer and the matters in which he has worked on his subsequent retainer, this is all that the former client need show.
2. This *substantial relationship* or *sufficiently close relationship* test is compelled by the nature of the relationship of attorney and client.
3. All confidences and information of the client are to be protected.
4. The ethical considerations which support this concept require that a lawyer should preserve the confidences and secrets of his client and that a lawyer should always avoid even the appearance of professional impropriety in so doing.
5. Because of these considerations a lawyer should be disqualified in a representation in which he may have had access or opportunity to obtain confidential material and the client need show no more than this in order to be protected.



The local rules of this Court adopt the Code of Professional Responsibility and these Canons by reference. These considerations and the Canons apply fully to attorneys practicing in this court.

Finally this Court notes that even if it were forced to conclude that it had doubt that an attorney received any confidential information that doubt should be resolved in favor of attorney disqualification. In *Hull* vs. *Celanese Corporation*, 513 F.2d 568, 571 (2d Cir. 1975), the Court faced an argument that in-house counsel for Celanese had switched sides to become a plaintiff (rather than a lawyer) on the other side. It was then sought to disqualify the Rabinowitz firm who represented this plaintiff and it was argued that they had advised this plaintiff and former attorney for Celanese, one Delulio, not to reveal any information to them received in confidence by plaintiff as an attorney for Celanese. While the Court credited the Rabinowitz firm for this attempt to avoid the receipt of any confidences, it held that the receipt of confidential information itself did not have to be shown, only that the attorney might have acquired information, and that if there was doubt as to this it should be resolved against the attorney.

What finally must be said is, that Canon 9 of the Code Of Professional Responsibility makes it obligatory that a lawyer should avoid even the appearance of professional impropriety. In our society lawyers have been granted significant privileges. It is in their interests, as well as in the preservation of the adversary system, that there be scrupulous adherence to proper dealing. It makes no difference that the clients involved in this litigation are experienced and sophisticated corporations.

Consequently, the Court concludes that Bernard Cantor must be disqualified in his representation of the defendant in this case. In order to make it clear that the appearance of impropriety cannot be countenanced, the Court reluctantly concludes that Cantor's firm should likewise be disqualified.

An appropriate Order may be submitted.

JOHN FEIKENS
United States District Judge

DATED: January 31, 1977, Detroit, Michigan.

IN THE
UNITED DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

| | |
|---|---|
| GENERAL ELECTRIC COMPANY | CIVIL |
| vs | ACTION |
| VALERON CORPORATION, | NO. 5-71257 |
| Defendant. | |

ORDER DISQUALIFYING DEFENDANT'S COUNSEL

Upon Plaintiff's Motion to Disqualify Defendant's Counsel and after an evidentiary hearing thereon, and pursuant to my Opinion on Motion to Disqualify dated January 31, 1977, and upon motion of the defendant, Valeron Corporation, for certification pursuant to 28 U.S.C. §1292(g),

IT IS HEREBY ORDERED THAT:

1. Plaintiff's Motion to Disqualify Defendant's Counsel is granted.

2. Bernard J. Cantor, the firm of Cullen, Settle, Sloman & Cantor, P.C., 3200 Penobscot Building, Detroit, Michigan 48226, and all attorneys associated with the firm of Cullen,



Settle, Sloman & Cantor, P.C., are hereby disqualified from representing The Valeron Corporation in this litigation.

3. Bernard J. Cantor, the firm of Cullen, Settle, Sloman & Cantor, P.C., and all attorneys associated therewith shall not disclose to The Valeron Corporation or any new counsel retained by The Valeron Corporation any information whatsoever that Bernard J. Cantor or his firm may have acquired from General Electric Company during his former representation of General Electric Company.

4. The District Court is of the opinion that the Order of Disqualification involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the Order may materially advance the ultimate termination of the litigation pursuant to 28 U.S.C. §1292(b).

5. Upon filing an Application for Appeal and an Appeal, the proceedings in the District Court shall be stayed pending such Appeal.

6. IT IS HEREBY FURTHER ORDERED THAT this Court's Opinion on Motion to Disqualify dated January 31, 1977 be and is hereby corrected as follows:

A. On page 2, line 8 of the last complete paragraph, "blocks" is changed to — locks —.

B. On page 9, fifth line from the bottom, "He" is deleted and — It is — is inserted.

C. On page 10, first line, "then" is deleted.

JOHN FEIKENS
United States District Judge

No. 77-1323
UNITED STATES COURT OF APPELAS
FOR THE SIXTH CIRCUIT

GENERAL ELECTRIC COMPANY,
*Plaintiff-Appellee,*
v.
The Valeron Corporation,
*Defendant-Appellant.*

*Appeal from the United States Distict Court for the Eastern District of Michigan.*

Decided and Filed October 30, 1979.

Before: EDWARDS, Chief Circuit Judge, PHILLIPS, Senior Circuit Judge, and BROWN, District Judge.*

BROWN, District Judge. General Electric Company brought this action against Valeron Corporation, alleging that Valeron infringed General Electric's Patent No. 3,341,920. Valeron denied infringement and sought a declaration of invalidity because of specified prior art and prior invention. In the latter respect, Valeron relied, *inter alia*, on the prior invention disclosed by its Patent No. 3,310,959, the Diemond patent. These patents have to do with a method of fastening a cutting tip in a cutting tool.

Shortly after the case commenced, Bernard J. Cantor entered his appearance as trial counsel for Valeron. General Electric then moved for an order disqualifying Cantor as such counsel for Valeron. The basis of the motion, stated generally, was that in 1965-1967 Cantor, as a patent attorney retained by General Electric, prepared several draft patent applications for General Electric and that the relationship between that work and the subject matter of the instant litigation is such as to require Can-

*Honorable Bailey Brown, Chief Judge, United States District Court for the Western District of Tennessee, sitting by designation on the date of argument; elevated on September 27, 1979 to the Sixth Circuit Court of Appeals.



tor's disqualification. District Judge John Feikens then held a lengthy evidentiary hearing on this issue at which much testimony and many exhibits were received, following which a carefully prepared and full opinion was filed setting out the court's findings and conclusions to the effect that Cantor and his law firm must be disqualified. Valeron then appealed the order of disqualification.

Although the parties have not raised the question of the jurisdiction of this court under 28 U.S.C. §1291 to entertain this appeal, we note that our ruling in *Melamed* vs. *ITT Continental Baking Co.*, 592 F.2d 290 (6th Cir. 1979), is in no way inconsistent with our accepting jurisdiction in this case. There we did point out that motions to disqualify counsel and immediate appeals of rulings thereon can cause great delay in the processing of the litigation. Nonetheless, *Melamed* holds that an appeal will be dismissed as interlocutory only where there is an order denying a motion to disqualify after an evidentiary hearing and a finding that the moving party cannot be injured by the challenged representation.

As stated, Cantor was retained as a patent lawyer by General Electric during 1965-1967 to prepare drafts of several patent applications. General Electric contends that Cantor's work in preparing such applications is substantially related to the subject matter of the instant litigation, and that, this being so, disqualification is required. The subject matter to which General Electric refers is the defense upon which Valeron relies, i.e. denial of infringement and an assertion of invalidity based on prior art and prior invention.

That proof of such a substantial relation is generally sufficient to require disqualification is supported by the very recent holding of this court in *Melamed, supra,* in which this court said at 292:

> It has been repeatedly held that an attorney may not represent a client in litigation against a former client if

> the subject matter of the litigation is "substantially related" to work he or she did for the former client. *See e.g. Emle Industries, Inc.* vs. *Patentex, Inc.*, 478 F.2d 562, 565 (2nd Cir. 1968); *Wilson P. Abraham Construction Corp.* vs. *Armco Steel Corp.*, 559 F.2d 250, 252 (5th Cir. 1977); *T. C. & Theatre Corp.* vs. *Warner Bros. Pictures*, 113 F.Supp. 265, 268 (S.D.N.Y. 1953).

The trial court held that there is such a substantial relation here based on its finding that Cantor was working with patent house counsel and engineers of the Carboloy Department of General Electric, during which he had access to the files on General Electric's patents, patent applications, patent collections and prior art collections on fitting and pocketing inserts in tools. The trial court also found that Cantor received confidential tial disclosures while doing this work. Such findings are certainly not clearly erroneous. This being so, the conclusion that Cantor should be disqualified must be affirmed.

Valeron argues that the showing of a "substantial relation" between Cantor's prior work for General Electric and the instant litigation is not sufficient; it contends that it is necessary that General Electric show a substantial relation between Cantor's work for it and the actual *issues* of the present lawsuit and that such has not been shown. While we do not mean to indicate that Valeron would be entitled to prevail even if we accepted this view of the law, we note that this narrower formulation is not supported by case law generally and is contrary to the formulation as set out by this court in *Melamed*, 592 F.2d (6th Cir. 1979) at 292 and cases cited therein. As is stated in *Wilson P. Abraham Construction Co.* vs. *Armco Steel Co.*, 559 F.2d 253 (5th Cir. 1977), *cert. denied*, 434 U.S. 1015, cited and relied upon in *Melamed*, at 252:

> [A] former client seeking to disqualify an attorney who appears on behalf of his adversary, need only to show that the matters embraced within the pending suit



> are ***substantially related*** to the matters or cause of action wherein the attorney previously represented him.

We also note that the narrower formulation might well be difficult to apply in practice since the actual issues in lawsuits are frequently not determined until long after the litigation has begun.

As indicated, the trial court found as a fact that Cantor had received confidential information from General Electric in connection with his work of preparing draft patent applications. This being so, we need not resolve here the apparent conflict between the opinion of the trial court to the effect that once the "substantial relationship" test is met, the receipt of confidential information is conclusively presumed, and the opinion of the court in *City of Cleveland* vs. *Cleveland Electric Illuminating Co.*, 449 F.Supp. 193 (N.D. Ohio 1977), *aff'd by order*, 573 F.2d 1310 (6th Cir. 1977), in which it is stated that the presumption of receipt of such information may be rebutted and if rebutted, disqualification is not necessary. We further note that such statement in the *City of Cleveland* case is really dictum since the court held that the City, the complaining party, had effectively waived its claim that the attorneys not represent the adversary party and further held that a "substantial relation" had not been proved. *Compare: Novo Teraapeutisk Laboratorium A/S* vs. *Baxter Travenol Laboratories, Inc., et al.*, —F.2d —, 48 U.S.L.W. 2189 (7th Cir., *en banc*, decided August 16, 1979), wherein the court held that, in the unusual circumstances of that case, the presumption of the receipt of confidences could be and was rebutted.

This court has considered the other contentions of Valeron and has determined them to be without merit.

The order of disqualification entered by the District Court is therefore

AFFIRMED.

Supreme Court, U. S.
FILED
FEB 25 1980
MICHAEL RODAK, JR., CLERK

IN THE

# Supreme Court of the United States

**October Term, 1979**

**No. 79-1160**

THE VALERON CORPORATION,

*Petitioner,*

*vs.*

GENERAL ELECTRIC COMPANY,

*Respondent.*

**On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit**

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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# TABLE OF CONTENTS


| | PAGE |
|---|---|
| Opinions Below | 2 |
| Question Presented | 2 |
| Canons of A.B.A. Code of Professional Responsibility Involved | 3 |
| Restatement of the Case | 3 |
| Reasons Why the Writ Should Be Denied | 8 |
| I. The Decision of the Sixth Circuit Court of Appeals Does Not Raise the Questions Presented in the Petition | 8 |
| II. The Proper Law Was Applied | 10 |
| III. There Is No Conflict With the Second Circuit | 12 |
| IV. There Is No Conflict With the Decisions of This Court | 15 |
| Conclusion | 19 |
| Appendix: | |
| Affidavit of Bernard J. Cantor | App. 1 |
| Testimony Transcript of Bernard J. Cantor | App. 6 |
| Testimony Transcript of Stipulation by Ivan Barris, Special Counsel to Petitioner | App. 8 |
| Stipulation Re General Electric Foreign Patents | App. 10 |

## TABLE OF AUTHORITIES

PAGE

***Cases:***

American Roller Co. v. Budinger, 513 F.2d 982 (3d Cir. 1975) ..... 16
Auseon v. Reading Brass Co., 22 Mich. App. 505, 177 N.W. 2d 662 (Ct. App. 1970) ..... 11

Bd. of Ed. of N.Y. City v. Nyquist, 590 F.2d 1241 (2d Cir. 1979) ..... 12, 13

Cord v. Smith, 338 F.2d 516 (9th Cir. 1964) ..... 11

Emle Industries, Inc. v. Patentex, Inc., 478 F.2d 562 (2d Cir. 1973) ..... 13, 16
Erie R. Co. v. Tompkins, 304 U.S. 64 (1938) ..... 10

Gillett v. Gillett, 269 Mich. 364, 257 N.W. 719 (1934) .... 11

Melamed v. ITT Continental Baking Co., 592 F.2d 290 (6th Cir. 1979) ..... 13
Morton-Norwich Products, Inc. v. International Salt, 195 U.S.P.Q. 641 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977) ..... 16, 17, 18
Murphy v. Riggs, 238 Mich. 151, 213 N.W. 110 (1927) 11

Smith v. Arc-Mation, Inc., 402 Mich. 115, 261 N.W. 2d 713 (1978) ..... 11

United States v. Ostrer, 597 F.2d 337 (2d Cir. 1979) .... 14
United States v. Trammel, 583 F.2d 1166 (10th Cir. 1978), *cert. granted,* 440 U.S. 934 (1979) ..... 18

Wingilia v. Ashman, 241 Mich. 543, 217 N.W. 909 (1928) ..... 11



PAGE

***Statutes:***

35 U.S.C. §112 ..... 16

***Rules:***

Local Rules of the United States District Court for the Eastern District of Michigan, Rule VI ..... 10

***Ethical Codes and Opinions:***

A.B.A. Code of Professional Responsibility, Canon 4 3
A.B.A. Code of Professional Responsibility, Canon 5 11
A.B.A. Code of Professional Responsibility, Canon 9 3
A.B.A. Code of Professional Responsibility, Ethical Consideration 4-4 ..... 17
Michigan Formal Ethics Opinion Number 7 (May, 1959, Michigan State Bar Journal, page 36) ..... 12
Michigan Informal Ethics Opinion Cl. 250 (June 1, 1976, Michigan State Bar Committee on Ethics) 12

IN THE

# Supreme Court of the United States

**October Term, 1979**

**No. 79-1160**

THE VALERON CORPORATION,

*Petitioner,*

*vs.*

GENERAL ELECTRIC COMPANY,

*Respondent.*

**On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit**

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

The respondent, General Electric Company, respectfully requests that this Court deny the petition for writ of certiorari, seeking review of the Judgment of the Sixth Circuit Court of Appeals affirming the disqualification of petitioner's attorney.

## Opinions Below

The opinion of the Court of Appeals for the Sixth Circuit, dated October 30, 1979, is reported at 608 F.2d 265 and unofficially at 203 U.S.P.Q. 1053. The opinion of the District Court for the Eastern District of Michigan, dated January 31, 1977, is reported at 428 F.Supp. 68 and unofficially at 196 U.S.P.Q. 298.

## Question Presented

The questions presented by petitioner are simply not involved in this case. The Court of Appeals held that the findings of fact were not clearly erroneous and that the disqualification was based upon well accepted legal principles. Therefore, the Court of Appeals affirmed the District Court.

In view of the actual holdings, findings, and evidence in this case, the question presented should be framed as follows:

> Should this Court review the disqualification of an attorney, who represented a former client and had access to confidential matters, where he later seeks to represent a party adverse to the former client in a litigation involving substantially related and identical matters?

Respondent submits that the decisions below present no questions which warrant the grant of a writ of certiorari.



## Canons of A.B.A. Code of Professional Responsibility Involved

Canon 4

"A Lawyer Should Preserve The Confidences And Secrets Of A Client"

Canon 9

"A Lawyer Should Avoid Even The Appearance Of Professional Impropriety"

## Restatement of the Case

The petition for a writ of certiorari is based for the most part upon alleged facts which have no foundation in the record of the case.

For that reason, we set out a short restatement of the case below.*

General Electric Company [GE] brought this action against Valeron Corporation [Valeron] for infringement of United States Letters Patent No. 3,341,920 [Kelm '920]. The invention of the patent in suit was made by Mr. Walter Kelm, a GE employee. The Kelm patent in suit relates to improved cutting tools, and specifically to the mechanism for fastening a cutting tip in the tool.

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* In our record citations, "D.C.Op. ——" and "A.C.Op. ——" refer to the District Court and Court of Appeals Opinions, respectively, printed as an appendix to the petition, and "R. ——; App. ——" refers to those pages of the Joint Appendix before the Court of Appeals which are printed as an appendix to this Opposition at the referenced page.

Six months after the complaint was filed, Valeron selected Bernard Cantor and his firm as replacement trial counsel. GE immediately brought a motion to disqualify Mr. Cantor because he had at an earlier time served as an attorney for GE. He had represented GE in connection with patent applications of Mr. Kelm and other GE employees for cutting tools utilizing the Kelm '920 invention. Mr. Cantor's representation of GE gave him access to the Kelm patent application, which he incorporated into one of the applications that he prepared; Mr. Holt, GE house counsel; Mr. Kelm, the inventor; prospective witnesses; prior art; opinions and record keeping of GE. Mr. Cantor was given access to confidential information. Mr. Cantor had an opportunity to form views, impressions, and professional judgments which might, in the litigation, be used adversely against GE, his former client.

In connection with the motion to disqualify, at first Mr. Cantor denied in an affidavit that he ever represented GE "in any capacity whatsoever, including in the capacity of an attorney" (R. 270-273; App. 1-5, ¶7). Similarly, Mr. Cantor initially testified at the hearings on the motion that he did not represent GE (R. 482-484; App. 6-7).

The facts showed otherwise. The evidence in the form of live testimony and documentary exhibits showed that Mr. Cantor had acted as GE's attorney. Faced with the overwhelming evidence, petitioner, through its Special Counsel, *stipulated* that Mr. Cantor had represented GE as an attorney and exercised his professional judgment whenever necessary (R. 531-532, 534; App. 8-9).



The Trial Court found on the evidence presented that, as an attorney for GE, Mr. Cantor had access to confidential information and exercised his professional judgment.

> In connection with the patent applications on which Cantor worked, Holt and Cantor worked closely and Holt disclosed to Cantor all of the documents and information necessary to complete as final an application draft as could be done. To carry out his work as an attorney in connection with these eleven applications Cantor had numerous conferences at the Carboloy Plant with Holt and the inventors. Holt's files were available to Cantor. He received confidential disclosures and engineering drawings and he had access to plaintiff's patents, patent collections and prior art collections on fitting and pocketing inserts in tools. He likewise had access to plaintiff's pending applications. He rendered advice. He suggested strategy on how to obtain claim protection and he made recommendations on how to proceed with patent applications. (D.C.Op. 4a)

The Trial Court found that Mr. Cantor worked with Mr. Kelm, the inventor of the Kelm '920 patent in suit, and studied the invention of the patent in suit with Mr. Kelm.

> Cantor also worked closely with Kelm in the preparation of the Kelm '401 Patent. He also met Kelm's associates and in connection with this work Cantor made notes, hand sketches and reviewed drawings. The Kelm adjustable boring bar contains the Kelm locking mechanisms insert. In studying the boring bar for the purpose of making a patent application Cantor had access to the locking mechanism of the Kelm '920 Patent. (D.C.Op. 5a)

The Trial Court held that the facts showed that Mr. Cantor had substantial access to the subject matter of the

Kelm '920 patent in suit (D.C.Op. 5a-6a) and an opportunity to form opinions, views and professional judgments regarding it.

The Trial Court further found that Mr. Cantor himself bodily incorporated the entire Kelm '920 pending application into the application he prepared and that in accordance with his normal practice Mr. Cantor would have reviewed the then pending application for the Kelm '920 patent in suit.

> Cantor acknowledged that he would normally refer to a pending application when incorporating it by reference in the disclosure of the patent application on which he was working. He acknowledged that the Campbell-Weller application incorporates the entire disclosure of the then Kelm application for the '920 patent. (D.C.Op. 5a)

This clearly indicates that Mr. Cantor in his normal practice would have studied the pending application of the Kelm '920 patent as an attorney for GE. Now, he wants to serve as an attorney adverse to GE in the effort to have this patent declared invalid.

The Trial Court also made specific findings that Cantor received confidential disclosures and that GE never publicly disseminated confidential information which existed in the files of its patent applications.

> He received confidential disclosures . . . (D.C.Op. 4a)
>
> The information in these patent application files was not publicly disseminated. (D.C.Op. 3a)



Based upon the mass of evidence presented, the District Court properly concluded:

> Based on these findings the Court concludes that Cantor, while a patent attorney for plaintiff, exercised professional judgment in the course of his representation of plaintiff; that the subject matter in his representation of plaintiff and his present representation of defendant is close and that he had access to confidential information and opportunity to examine this information, and that accordingly the opinions, views and professional judgment which he now has might and in all likelihood were formed in good measure as the result of that prior relationship he had with plaintiff. (D.C. Op. 6a-7a)

In determining that there was a close relationship between the two representations, the Trial Court looked at what Mr. Cantor did when representing GE in connection with three applications, namely, the Kirkham application, the '401 boring bar application (D.C.Op. 5a), and, most importantly, the Campbell-Weller milling cutter application (D.C.Op. 5a-6a).

The Trial Court found it to be a "significant" fact that Mr. Cantor worked on the Kirkham application, since it enabled him to gain first-hand information from GE on prior art and to form opinions and views of prior art which petitioner now contends invalidates the Kelm '920 patent (D.C.Op. 4a).

In preparing the Kelm '401 application, Mr. Cantor was found to have dealt with the subject matter of the Kelm '920 patent, the inventor, and the GE in-house attorney who prepared and prosecuted the patent application. He had an

opportunity to study the invention of the patent in suit with both of these men.

Similarly, when Mr. Cantor prepared the Campbell-Weller application, he was working with the pending application for the Kelm '920 patent, and incorporated it in his work. As GE's attorney, he had the opportunity to study the Kelm '920 patent and form views and impressions about it.

The Trial Court thus found a substantial relationship between Mr. Cantor's former work for GE and his present adverse representation of petitioner.

## Reasons Why the Writ Should Be Denied

### I.

### The Decision of the Sixth Circuit Court of Appeals Does Not Raise the Questions Presented in the Petition.

Petitioner states two questions in seeking to have this Court grant a writ of certiorari. One question is based upon Canon 4. The other is based upon Canon 9. Neither is supported by the record in this case.

Petitioner's first question is based entirely on the assertion that "no confidences" exist which can be protected. That assertion is contrary to the record. The Trial Court made detailed findings of fact that Mr. Cantor, as GE's former attorney, had access to confidential materials, and that these materials remained confidential. The Court of Appeals pointed out several times that "the trial court found *as a fact* that Cantor had received confidential in-



formation from General Electric." (A.C.Op. 16a, 17a) (emphasis added).

Petitioner, in seeking review here, is trying to write on a clean slate in total disregard of the record. The Trial Court found that GE did not publish all the confidential information to which Mr. Cantor had access. This information was found by the Court to include information not required in a patent application, *e.g.*, infringement opinions. The facts show that GE never intended that such information would be disclosed by Mr. Cantor. There is no requirement in the Patent Law which requires disclosure of such information. Petitioner's first question thus is not supported by the record.

Petitioner's second question also has a foundation which is fictitious and foreign to the record. The question assumes Mr. Cantor's earlier representation of GE was on related but different subject matter. The Trial Court found that the appearance of impropriety was present because Mr. Cantor's former representation of GE was "substantially related and identical" (D.C.Op. 7a). The Trial Court thus rejected petitioner's "different" subject matter argument as being contrary to the facts.

The numbered assertions made by petitioner in its second question as alleged rebuttal to disqualification are all contrary to fact or irrelevant. GE never consented to Mr. Cantor representing any competitor on the subject matter of the present litigation. The law of Michigan and the Federal Courts is in complete harmony in holding that an attorney in Mr. Cantor's position may not represent an adverse interest on substantially the same subject matter.

That some of the information given an attorney might be obtainable through discovery does not negate disqualification. Indeed, the relevancy of the information for discovery purposes shows the objectionable nature of the former attorney's new relationship.

The two questions stated by petitioner simply are not presented in this case.

## II.

## The Proper Law Was Applied.

Petitioner asserts that the decisions of the lower courts conflict with the doctrine of *Erie R. Co.* v. *Tompkins,* 304 U.S. 64 (1938) because Michigan law should apply and that, when applied, it would yield a different result under the "appearance of impropriety" test of Canon 9. These assertions are not correct.

The law of Michigan is not different from the law applied by the Trial Court. Canons 4 and 9 of the American Bar Association Code of Professional Responsibility have been adopted by the Rules of the Federal Courts, as well as the Michigan State Bar Association. A violation of either is contrary to ethical Rule VI* of the Trial Court. It is the

* Local Rules of the United States District Court for the Eastern District of Michigan, Rule VI, provides:

"Rule VI. Discipline of Attorneys.

(b) The Court may make an order in a disciplinary proceeding disbarring, suspending, or censuring, or taking such other action as justice may require, with respect to a member of the Bar of this Court . . . 4) who is guilty of conduct unbecoming a member of the Bar of this Court. Such conduct shall be deemed to consist of . . . violation of the Canons of Ethics of the American Bar Association or of the Michigan State Bar Association."



Federal Court's prerogative to regulate the members of its Bar that controls.

> [W]e do not think that the rule of *Erie Railroad Co.* v. *Tompkins,* 1938, 304 U.S. 64, 58 S.Ct. 817, 82 L.Ed. 1188, compels the federal courts to permit, in proceedings before those courts, whatever action by an attorney-at-law may be sanctioned by the courts of the state. When an attorney appears before a federal court, he is acting as an officer of that court, and it is that court which must judge his conduct. *Cord* v. *Smith,* 338 F.2d 516, 524 (9th Cir. 1964).

The Michigan Courts and the Courts of the Sixth Circuit all hold that the "appearance of impropriety" exists, where a former attorney represents an interest adverse to that of his former client "on subject matters which are substantially related and identical."

The cases cited by petitioner are not contrary. In *Smith* v. *Arc-Mation, Inc.,* 402 Mich. 115, 261 N.W. 2d 713 (1978) the Michigan Supreme Court noted that the Trial Court found no violation of Canon 4 because the suit involved an intra-corporate struggle, and reversed disqualification under Canon 5.* In *Gillett* v. *Gillett,* 269 Mich. 364, 257 N.W. 719 (1934) the Court found that the two representations as attorney "bore no relationship whatsoever to one and other." The complaint in *Murphy* v. *Riggs,* 238 Mich. 151, 213 N.W. 110 (1927) was dismissed for want of equity because there was no relationship. The attorney was disqualified in *Wingilia* v. *Ashman,* 241 Mich. 534, 217 N.W. 909 (1928) and *Auseon* v. *Reading Brass Co.,* 22 Mich. App. 505, 177 N.W. 2d 662 (Ct. App. 1970) because the two representations were identical.

* Canon 5 provides: "A Lawyer Should Exercise Independent Professional Judgment On Behalf Of A Client."

The Michigan Ethical Opinions cited by petitioner also are not contrary. In the Michigan Formal Ethics Opinion No. 7 (May, 1959, Michigan State Bar Journal, page 36) the second representation was authorized only if it related to "new" subject matter. Clearly, the Opinion does not sanction representation which is "substantially related and identical." In the Michigan Informal Ethics Opinion Cl. 250 (June 1, 1976, Michigan State Bar Committee on Ethics) it was held that an attorney cannot represent a new client if he was formerly "in a position to gain information" relevant to the suit.

None of the authorities cited by the petitioner say that Michigan law "permits representation of an interest adverse to that of a former client," as petitioner claims. Rather, the Michigan law, as the law applied here, does *not* permit such representation.

## III.

## There Is No Conflict With the Second Circuit.

There is no reason for this Court to grant review here based upon the Second Circuit's decision in *Bd. of Ed. of N.Y. City* v. *Nyquist*, 590 F.2d 1241 (2d Cir. 1979) concerning the application of the "appearance of impropriety" test. That decision is not in conflict with the law applied here or in the Sixth Circuit. Neither the facts nor the law in *Bd. of Ed. of N.Y. City* support petitioner's position.

In *Bd. of Ed. of N.Y. City* there was no access of the attorney to confidential or privileged information.

> There is also no claim that the men have gained an unfair advantage through any access to privileged infor-



> mation about the women .... Thus, in no real sense can Mr. Sandner's representation of the men be said to taint the trial. 590 F.2d at 1247.

Mr. Cantor's situation is just the opposite. The Trial Court found that Mr. Cantor did have access to GE confidences on substantially related and identical subject matter. In this case the trial would be tainted. The *Bd. of Ed. of N.Y. City* decision on its facts clearly does not support petitioner since its holding is based upon a totally different set of facts.

The Second Circuit in *Bd. of Ed. of N.Y. City* did, however, restate and approve the principle followed by the courts in this case to disqualify Mr. Cantor. The Second Circuit said that the circumstances tend to "taint the underlying trial"

> (2) where the attorney is at least *potentially in a position to use privileged information concerning the other side through prior representation,* for example, in violation of Canons 4 and 9, thus giving his present client an unfair advantage. 590 F.2d at 1246 (emphasis added, footnote and citations omitted).

The Second Circuit cited approvingly the rationale of *Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973). The Sixth Circuit also has embraced the *Emle Industries, Inc.* rationale. *Melamed* v. *ITT Continental Baking Co.*, 592 F.2d 290, 292 (6th Cir. 1979). The panel in this case reaffirmed that rationale in disqualifying Mr. Cantor (A.C.Op. 16a).

More recently, the Second Circuit had an opportunity to reiterate its position stated in *Bd. of Ed. of N.Y. City,* which is consistent with the courts' decisions here, when it

disqualified an attorney in a criminal litigation in *United States* v. *Ostrer,* 597 F.2d 337 (2d Cir. 1979).

> This Court recently noted that disqualification motions should be granted where the attorney in question is potentially in a position to use privileged information obtained during prior representation of the movant. *Board of Education* v. *Nyquist,* 590 F.2d 1241, 1246 (2d Cir. 1979). Disqualification of counsel in such cases is rooted in notions of fundamental fairness; allowing an attorney to represent a client in a situation where he may use information obtained in the course of former representation of the client's adversary gives the client an "unfair advantage." *Id.* at 875-76; see *Emle Industries, Inc.* v. *Patentex, Inc.,* 478 F.2d 562, 571 (2d Cir. 1973)
>
> . . . Finally, as in all Canon 4 cases, the danger exists that the former Government attorney may breach a confidence by divulging or unfairly utilizing information obtained in the course of his former employment. *Emle Industries, Inc.* v. *Patentex, Inc., supra,* 478 F.2d at 571.
>
> These considerations are pertinent not only where the issues involved in the lawyer's former and present representation are the same, but also where, as here, the privileged information obtained in the course of the former representation may be used to impeach or discredit important Government witnesses in a closely related matter. The principle is well established that an attorney should be disqualified from opposing a former client if during his representation of that client he obtained information "relevant to the controversy at hand", *United States* v. *Standard Oil Co., supra,* 136 F.Supp. at 353, or "*pertaining* to the pending matter", *General Motors Corp.* v. *City of New York, supra,* 501 F.2d at 651 (emphasis in original). 597 F.2d 337, 339-340 (footnote omitted).



There is no conflict among the circuits and this Court need not consider petitioner's request.

## IV.

## There Is No Conflict With the Decisions of This Court.

Petitioner argues that the lower courts' decisions are in conflict with this Honorable Court's decisions in the areas of voluntary disclosure, waiver, lack of privilege, and the requirement of full disclosure. None of these speculations warrants this Court to issue the writ of certiorari.

The record is clear that both the Trial Court and Court of Appeals held that confidences in fact existed. Thus, the petitioner's arguments that there were no confidences because GE published them all is simply contrary to the record.

Similarly, the argument that "privilege" cannot exist because patent applications are involved is contrary to the record and an oversimplification of the Patent Law. The Trial Court found that Mr. Cantor had an opportunity to form views, impressions and professional judgments about the Kelm '920 patent. He had access to invention disclosure letters, invention questionnaires, supplemental disclosure letters, interpretations of prior art, patentability opinions and comments on infringement questions; none of which has been publicly disseminated (D.C.Op. 3a). None of these items, or Mr. Cantor's views, impressions or professional judgments, are required to be disclosed in a pat-

ent application* or during the prosecution of the application.

Petitioner's argument that patent cases are somehow different with respect to the disqualification of attorneys is wrong. The case law makes it clear that patent attorneys are disqualified under the same standard that is applied to general attorneys. *See, e.g., Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973); *Morton-Norwich Products, Inc.* v. *International Salt Co.*, 195 U.S.P.Q. 641 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977); *American Roller Co.* v. *Budinger*, 513 F.2d 982 (3d Cir. 1975).

The record shows Mr. Cantor discussed and had access to many facts which need not be disclosed to the Patent Office. He was no mere "scrivener." To the contrary, petitioner stipulated that he was an attorney who exercised his professional judgment whenever necessary. Petitioner itself stipulated during the hearing that publication of United States and foreign patent applications, including the Kelm '920 patent, did not constitute publication of all information and data relating to the patent, or release Mr. Cantor from his attorney-client relationship or the Canons of Ethics (R. 422-425; App. 10-13).

There was no waiver on this record. GE never consented to Mr. Cantor representing GE's competitors, including petitioner, in any litigation involving the subject matter of his former work.

* 35 U.S.C. §112 specifies: "The specification shall contain a written description of the *invention*, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same. . . ." (emphasis added).



The raising of the attorney-client privilege issue by petitioner is ineffective factually and legally. Petitioner errs in equating "confidences and secrets" of Canon 4 with the attorney-client privilege. The Ethical Considerations and Disciplinary Rules indicate that confidences and secrets are broader than the privilege.

> The attorney-client privilege is more limited than the ethical obligation of a lawyer to guard the confidences and secrets of his client. This ethical precept, unlike the evidentiary privilege, exists without regard to the nature or source of information or the fact that others share the knowledge. Ethical Consideration 4-4 of the A.B.A. Code of Professional Responsibility.

Canon 4 is based upon the sound public policy of encouraging the client to freely discuss whatever he wishes with his attorney and permitting the attorney to obtain information beyond what is volunteered by the client. For these reasons Canon 4 is different and broader than the attorney-client privilege and proceeds on different considerations to benefit the public.

The appearance of impropriety proscribed by Canon 9, where a former attorney represents before a court an adverse interest on "substantial" and "identical" subject matter, cannot be waived by the former client, since it involves the public and the court itself. As stated by the Court in *Morton-Norwich Products, Inc.* v. *International Salt*, 195 U.S.P.Q. 641, 642 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977):

> A motion to disqualify an attorney . . . is addressed to the power of the District Court to supervise the bar practicing before it, and . . . cannot be defeated by a claim of laches, estoppel, or waiver. *Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973); *Government of India* v. *Cook Industries, Inc.*, 422 F.Supp. 1057 (S.D.N.Y. 1976); *Fleischer* v. *A.A.P. Inc.*, 163 F.Supp. 548 (S.D.N.Y. 1958), app. dism. 264 F.2d 515 (2d Cir. 1959), cert. den. 359 U.S. 1002 (1959); *United States* v. *Standard Oil Company*, 136 F.Supp. 345 (S.D.N.Y. 1955). 195 U.S.P.Q. 641, 642 (N.D.N.Y. 1977).

Petitioner's assertions and authorities relating to attorney-client privilege are simply inapplicable to the present case.

For petitioner to suggest that no attorney-client privilege exists because Mr. Cantor may have committed "technical" fraud by failing to make proper disclosure in his patent applications is absurd. The Trial Court found that GE disclosed "to Cantor *all* of the documents and information necessary to complete as final an application draft as could be done." (D.C.Op. 4a) (emphasis added). In the course of his former representation, Mr. Cantor prepared patent applications in full conformance with the law. However, as pointed out by the court, he was provided with confidential information and formed opinions, views and professional judgments which were not proper parts of patent applications. These confidences are properly protected by disqualification.

Finally, this case has nothing in common with *United States* v. *Trammel*, 583 F.2d 1166 (10th Cir. 1978), *cert. granted*, 440 U.S. 934 (1979). In that case the existence of husband/wife privilege is in question where both spouses



are actors in a crime and one is granted immunity in exchange for testifying against the other. Here, respondent only wishes to prevent its former attorney from litigating against it.

## Conclusion

The petition should be denied because no questions of public interest are present.

There is no conflict between the Circuits or with the decisions of this Court.

The decisions below merely applied well settled principles of law to findings of fact amply supported by the evidence. There is no merit in the petition and it should be denied.

Respectfully submitted,

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Dated: February 25, 1980

# APPENDIX

## Affidavit of Bernard J. Cantor

IN THE

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 5-71257

GENERAL ELECTRIC COMPANY,

*Plaintiff,*

*vs.*

VALERON CORPORATION,

*Defendant.*

State of Michigan )
County of Wayne ) ss.:

Bernard J. Cantor, being duly sworn, states as follows:

1. I am an attorney of record for Defendant, a member of the bar of the State of Michigan since January, 1953, and have been in the practice of patent law in Detroit since January, 1953, having previously been employed as an Examiner by the U.S. Patent Office from 1949 to 1952.

2. To the best of my knowledge and belief, I have never received from General Electric Company any confidential information relating to the subject matter of the patent-in-suit.

3. To the best of my knowledge and belief, I was never given any access to any General Electric confidential information relating to the subject matter of the patent-in-suit.

4. The patent-in-suit, No. 3,341,920 in essence relates to an allegedly improved screw. The patent was filed February 16, 1965 and published by the Patent Office on September 19, 1967. It discloses and claims an improved fastener screw and hole for securing a hard cutting tip upon the end of a cutting tool holder. I did not write that patent nor work on it nor have anything to do with G.E.'s obtaining that patent, nor have I represented G.E. in any way with respect to that patent or the subject matter of the patent.

5. The application for the patent-in-suit was filed in the U.S. Patent Office on February 16, 1965, almost a year before I had any contact whatsoever with General Electric on any subject whatsoever. I have no knowledge as to the invention of or development of the screw of the patent-in-suit nor have I ever received from G.E. any information with respect thereto. I have done no work for, nor had any contact with G.E. for almost nine years, i.e., since about September, 1967.

6. General Electric did not keep the subject matter of the patent-in-suit confidential so I could not have received confidential information about such subject matter. First, General Electric publications of 1966, which were identified in evidence during G.E.'s taking of the deposition of Valeron's engineer Milewski, illustrate and describe the subject matter of the patent-in-suit. Thus, G.E. published the sub-



ject matter. Second, in response to questions by General Electric's attorney, Valeron's engineer Milewski testified that Valeron had copies of General Electric publications of and knowledge of the subject matter of the patent-in-suit at least as early as January 11, 1966. Thus, G.E. published and Valeron had knowledge of the subject matter of the patent-in-suit approximately a year and a half before mid 1967, i.e., the time which G.E. contends that I received information relating to the patented fastening screws. Third, *if* I had received confidential information relating to the patent —the publishing of the patent by the government on September 19, 1967, completely extinguished secrecy. The patent law 35 U.S. 112 requires a patentee to completely describe his invention, and a patent is a public document. Thus, by law there have been no confidences since 1967.

7. I have never represented General Electric in any capacity whatsoever, including in the capacity as an attorney. Rather, about ten years ago, i.e., during the period running from between about November, 1965 to September, 1967, I "ghost wrote" a number of rough draft patent applications for General Electric's attorney, Harold Holt, who operated at the General Electric Carboloy plant in the Detroit area. In each instance, I met with Holt at his office, received from him either a sample of the item or a drawing or a brief written description. On a few items I met, at the same time, the inventor who described the item to me. Then I left and wrote the draft of the patent specification and claims and made draft patent drawings, all of which I gave to Holt for his revision and processing. Simultaneously, I returned to him all the materials he had loaned me for that

purpose. I have no files on these subjects. I did not process the patent applications further and I have no personal knowledge as to what happened to the various patent application drafts which I wrote for him. That is, I do not personally know whether he used them as written, or revised them, or filed them in the Patent Office, or anything else about them since I had no further contact with these items.

8. To my knowledge, I never received from G.E.'s attorney or anyone else connected with G.E., any confidential information about General Electric's patent policies or patent programs or invention records. To this day, I have no knowledge concerning these subjects. I have had no contact of any kind with General Electric since 1967 and as far as I know I have no confidential information of any kind regarding General Electric.

9. Valeron did not seek me out or retain me to be its counsel because of any contact or work which I did for General Electric. Valeron did not learn about my contact with G.E. until after offering to hire me, and before I accepted. That is, I informed Valeron's general counsel, P. Alexander Fisher, Esq., of my work for G.E. *after* he discussed the suit with me and requested that I represent Valeron in this lawsuit, but *before* I accepted his offer to represent Valeron.

10. I read the Affidavit of William Reich, paper number 23, of G.E.'s Motion to Disqualify. To the best of my recollection, I have never met Mr. Reich nor heard of Mr.



Reich before reading such affidavit, nor have I ever seen or heard of the engineering groups which he describes in his Affidavit, nor have I seen the various files which he mentions in his Affidavit. To the best of my recollection, I never received any files from G.E. nor did I ever look through any of G.E.'s files.

11. Neither I nor my office have any files or documents relating to G.E., apart from what I have received recently from Valeron in connection with this suit.

12. I dispute the unsupported conclusion in G.E.'s brief to the effect that 1965-1967 was a "critical period" with respect to the subject matter of this lawsuit. The critical period with respect to the present lawsuit commenced when the alleged invention was made, and ended in February 1965 when G.E. filed the patent application. All this occurred long before I ghost wrote patent applications for G.E.'s attorney Holt and I received no information about it.

BERNARD J. CANTOR

Bernard J. Cantor

Sworn and subscribed to before me this 22nd day of April, 1976.

/s/ ASUNTA HEISE

Notary Public
Wayne County, Michigan
My Commission Expires 9-12-77

## Testimony Transcript of Bernard J. Cantor

The Court: You were doing this for GE?

A. There is a particular peculiarity when it comes to ghost writing. We do have situations where ghost writing is done for a client and you don't know who he is.

The Court: In this case you did know?

The Witness: I would like to have represented GE. I would like to have been their attorney.

The Court: Well, the question in the case is whether or not you were.

The Witness: Well, I don't think I was. I leave it to Your Honor to decide.

The Court: You mean I could make you unhappy by so finding?

The Witness: No, Your Honor. If the Court is willing to nunc pro tunc my invoices were not based on work as an attorney.

The Court: Well, you know Mr. Holt has worked or was in some way affiliated with GE?

The Witness: He was the attorney for GE.

I might explain this to Your Honor—

The Court: I'm not able to understand why you say in the affidavit that you never represented General Electric when you very forthrightly say that you were employed by them?

The Witness: As a ghost writer. That's not the same thing as a legal job or a lawyer's job, Your Honor.

The Court: But you said in any capacity.

The Witness: No, the record is—I used the word "as a lawyer."



The Court: So, what you are saying is you did work for them as an attorney—

The Witness: I did work for them as a ghost writer. There is a difference. I have to insist on that. It may be tweedledum and tweedledee, but—I have to explain it this way: In the patent field it is not uncommon for a person not an attorney to be ghost writer for an attorney on different patent cases—

The Court: But what about an attorney?

The Witness: Yes, I was an attorney, and a ghost writer for an attorney, and I—

The Court: How about an attorney-ghost writer?

The Witness: Pardon?

The Court: Well, okay.

The Witness: I can answer that, Your Honor. Obviously—

The Court: Let's go on.

* * *

**Testimony Transcript of Stipulation by Ivan Barris, Special Counsel to Petitioner**

• • •

The Court: Well, I can't do anything but applaud any effort on the part of either side to shorten the issues. Whether or not what you now say materially helps, although it seems at first blush to help, I would like to now explore:

Are you saying that you will not deny that in whatever relationship Mr. Cantor worked with Mr. Holt, it is conceded that he worked as a lawyer?

Mr. Barris: That as far as I'm concerned, my client is concerned, the answer is yes.

The Court: All right, hold that, now.

Are you, therefore, saying to me that the question is whether or not—strike that—are you also willing to concede that whatever he did if he did anything with regard to the patent that is in the main lawsuit, the screw—what's the name of that, now? What can we call that, just the screw?

Mr. Davis: The locking, the lock pin mechanism. It's the pin in the pocket.

The Court: The lock pin mechanism. Let's use that because I think, Mr. Barris, as a generalist, we may be wandering far afield if we use other language.

All right. Are you conceding that in whatever relationship, if any, Mr. Cantor worked with the locking pin mechanism, if any, are you conceding that he worked as a patent lawyer?

Mr. Barris: I certainly do.

• • •



Mr. Davis: If he is admitting that Mr. Cantor exercised professional judgment in all of the applications that he, that Mr. Cantor prepared for General Electric—

The Court: He is saying that he, whatever this relationship was, he is not denying that he was acting as a patent lawyer, and if there were instances where he was called upon to exercise his professional judgment, he did so, as I understand it.

Mr. Barris: Absolutely correct, your Honor.

• • •

## Stipulation Re General Electric Foreign Patents

IN THE

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 5-71257

GENERAL ELECTRIC COMPANY,

*Plaintiff,*

*v.*

VALERON CORPORATION,

*Defendant.*

In connection with defendant's Notice to Produce Documents, served on plaintiff on June 30, 1976, and defendant's Motion to Compel Production of Documents, served by mail on July 22, 1976, and set for hearing on August 3, 1976; in lieu of the production sought, the parties hereby stipulate and agree as follows:

1. Plaintiff filed patent applications in about 19 foreign countries and, as of June 15, 1976, has been granted patents in about 18 of such foreign countries corresponding to Kelm United States Patent No. 3,341,920. Prior to the date when the lock pin mechanism of the Kelm United States Patent No. 3,341,920 was shown to Mr. Cantor by plaintiff



(as admitted by defendant Valeron and by Mr. Cantor), the serial number, filing date, and same drawings and same printed text of the written description of the invention contained in such United States Patent No. 3,341,920 were all available in some such foreign countries to the public. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of United States Patent No. 3,341,920.

2. Plaintiff filed patent applications in about 20 foreign countries and, as of June 15, 1976, has been granted patents in about 15 of such foreign countries corresponding to Weller and Kelm United States Patent No. 3,341,921. Prior to the date when the lock pin mechanism of the Kelm United States Patent No. 3,341,920 was shown to Mr. Cantor by plaintiff (as admitted by defendant Valeron and by Mr. Cantor), the serial number, filing date, and same drawings and same printed text of the written description of the invention contained in United States Patent No. 3,341,921 were all available in some such foreign countries to the public. However, this did not amount to publication of information or anything else not contained in the drawings, printed text or the written description, serial number and filing date of United States Patent No. 3,341,921.

3. Plaintiff did not file any patent applications in any foreign countries and has not obtained any patents in any foreign countries corresponding to Kelm United States Patent No. 3,341,923.

4. Plaintiff filed patent applications in about 7 foreign countries and, as of June 15, 1976, has been granted patents in about 6 of such foreign countries corresponding to Kelm United States Patent No. 3,486,401; and only after Mr. Cantor had discontinued rendering any services to plaintiff did the serial number, filing date, and/or the same drawings and the same printed text of the written description of the invention contained in United States Patent No. 3,486,401 become available in any such foreign country to the public by virtue of any such patent application filed in or any such patent granted by any such foreign country. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of the United States Patent No. 3,486,401.

5. Plaintiff filed patent applications in about 10 foreign countries and, as of June 15, 1976, has been granted patents in about 8 of such foreign countries corresponding to the Campbell and Weller United States patent application Serial No. 647,120; and only after Mr. Cantor had discontinued rendering any services to plaintiff did the serial number, filing date, and/or the same drawings and the same printed text of the written description of the invention contained in United States patent application Serial No. 647,120 become available in any such foreign country to the public by virtue of any such patent application filed in or any such patent granted by any such foreign country. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of United States patent application Serial No. 647,120.



6. The stipulations of paragraphs 1 through 5 are not an admission by plaintiff that Mr. Cantor did not receive, presumptively or actually, and/or have an opportunity to receive and/or have access to other information and things not in the drawings and the printed text of the written description of the invention contained in United States Patent Nos. 3,341,920, 3,341,921, 3,341,923 and 3,486,401 and application Serial No. 647,120 and/or that Mr. Cantor's dealing as an attorney for plaintiff with information available to the public released Mr. Cantor from all of his obligations to plaintiff under and from the attorney-client relationship and/or Canons of Ethics.

Date: 5 Aug. '76

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